

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MISSOURI  
EASTERN DIVISION

In re:	)	Case No. 11-40439-659
	)	In Proceedings under Chapter 11
<b>R &amp; G ENTERPRISES, LLC,</b>	)	
	)	Hon. Kathy A. Surratt-States
	)	United States Bankruptcy Judge
	)	
	)	<b>DEBTOR'S NOTICE AND</b>
Debtor in Possession.	)	<b>MOTION FOR AUTHORIZATION</b>
	)	<b>TO ENTER INTO A LEASE</b>
	)	<b>WITH HEREFORD LLC</b>
	)	
	)	Edward J. Karfeld
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	)	611 Olive Street, Suite 1640
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	)	Telephone: (314) 231-1312
	)	
	)	Motion No. _____
	)	
	)	Hearing Date: February 14, 2011
	)	Hearing Time: 10:00 a.m.
	)	Location: Courtroom 7 North
	)	Response Deadline: February 14, 2011
	)	at 9:00 a.m.

**NOTICE**

**TAKE NOTICE THAT DEBTOR'S MOTION FOR EXPEDITED HEARING ON DEBTOR'S MOTION FOR AUTHORIZATION TO ENTER INTO A LEASE WITH HEREFORD, LLC, WILL BE PRESENTED FOR HEARING ON FEBRUARY 14, 2011 AT 10:00 A. M., BEFORE THE HONORABLE KATHY SURRATT-STATES, IN BANKRUPTCY COURTROOM SEVENTH FLOOR NORTH, IN THE THOMAS F. EAGLETON U.S. COURTHOUSE, 111 SOUTH TENTH STREET, ST. LOUIS, MISSOURI, 63102.**

**WARNING: ANY RESPONSE OR OBJECTION TO THIS MOTION MUST BE FILED WITH THE COURT BY 9:00 A.M., ON FEBRUARY 14, 2011. (SEE L.B.R. 9013-1 B.) A COPY MUST BE PROMPTLY SERVED UPON THE UNDERSIGNED. FAILURE TO FILE A TIMELY RESPONSE MAY RESULT IN THE COURT GRANTING THE RELIEF REQUESTED PRIOR TO THE HEARING DATE.**

## **MOTION**

Debtor R & G Enterprises, LLC (“Debtor” and “Debtor-in-Possessing:”), files this Motion for Authorization to Enter into a Lease with Hereford LLC (the “Motion”), pursuant to 11 U.S.C. §363, and states as follows in support the Motion:

1. The Court has jurisdiction in regard to this matter pursuant to 28 U.S.C. §§157 and 1334. This is a core proceeding pursuant to 28 U.S.C. §157(b). Venue of this case and motion in this district is proper pursuant to 11 U.S.C. §§1408 and 1409.

2. Debtor filed its Voluntary Chapter 11 Petition for Relief on January 18, 2011 (“the Petition Date”) in the United States Bankruptcy Court for the Eastern District of Missouri (“the Bankruptcy Court”).

3. Debtor manufactures tortillas and is the only tortilla factory in the St. Louis market manufacturing and selling fresh tortillas to restaurants and food distributors in the Midwest area, and currently operates its business at 11722 Northline Industrial Drive, Maryland Heights, Missouri (“the Northline Premises”).

4. Debtor, as tenant (“Debtor”), and Hereford LLC, as landlord (“Landlord”) entered into a lease dated January 31, 2011 (the “Lease”) with regard to the non-residential real property known as 2817 Hereford Street, St. Louis, Missouri, 63110 (the “Property”).

5. The following is a summary of the terms of the Lease:

A. The lease is for warehouse space at 2817 Hereford Street, in the City of St. Louis, Missouri;

B. The lease will commence on April 1, 2011 for a term of 61 months and will terminate on or about March 31, 2016;

- C. The net rent will be free the first month of the Lease, April 1, 2011;
- D. Beginning the second month (May 1, 2011), Debtor will pay base rent to Landlord of \$4,700 per month for month two through month 13, triple net, and \$4,950 per month for months 14 through 61, triple net;
- E. Debtor will pay Landlord a security deposit of \$4,700;
- F. Late charges of 5% of any delinquent payment of rent, plus interest at 12% per annum, will be due if rent is not paid within ten days of the due date;
- G. Real estate taxes shall be paid by Landlord, however, Debtor shall pay its pro-rated share of the real estate taxes, set at 85% of the total real estate tax bill for the Property;
- H. The Lease is a triple net lease, so Debtor is responsible for all of its insurance charges;
- I. The Lessor will provide Debtor a tenant improvement allowance of up to \$60,000.00, to be amortized over the first three years of the lease at 7%, to complete the following items:
- (1) Install additional electrical outlets as needed in the warehouse;
  - (2) Wire manufacturing equipment to warehouse;
  - (3) Run high pressure gas lines to manufacturing equipment;
  - (4) Run water lines to manufacturing equipment;
  - (5) Install drop ceilings over manufacturing equipment as needed;
  - (6) Prepare drawings and documentation to obtain a business license and occupancy permit;

- (7) Install return air unit in roof top if required by inspection agencies;
- (8) Install vent stacks for two ovens and one fryer unit; and,
- (9) Perform any additional work required by inspection agencies to obtain approval for intended use of the Property;

J. The Property shall be used for the production of food; and,

K. The Lease shall be subject to approval by the Bankruptcy Court.

6. If the Court approves the Motion, Debtor will immediately begin obtaining the necessary permits and performing the necessary modifications and build-outs to the Property, which Debtor estimates will take approximately 90 days.

7. It is in the best interest of Debtor, creditors, and parties in interest for Debtor to be authorized to enter into the Lease, for the following reasons:

A. Follman Northline LLC, has declared the lease of the Northline Premises cancelled, has filed a Motion to Lift Stay regarding its pending lawsuit for possession of the Northline Premises, and has demanded that Debtor vacate the Northline Premises;

B. Debtor's current rent payment at the Northline Premises is \$9,000 per month, and the current rent payment under the Lease is \$4,700 for 12 months, and then \$4,950 for months 14 through 61, which will improve Debtor's cash flow each month; and,

C. Debtor will be leasing 16,592 square feet in the Property as compared to 3,769 in the Northline Premises, which will provide Debtor significantly more production space;

D. Debtor will be better able to propose a feasible plan of reorganization in a shorter period of time.

WHEREFORE, Debtor, R & G Enterprises LLC, requests that the Court enter an Order approving its Motion for Authorization to Enter into a Lease with Hereford, LLC , that this Order shall be effective immediately and not stayed for fourteen (14) days pursuant to Rule 6004(h); and granting Debtor such other and further relief as the Court deems just and proper.

Dated: February 5, 2011

Karfeld Law Firm, P.C.  
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**Attorneys for Debtor in Possession**